



Advanced Placement (AP) Challenge Grants

HOW TO CALCULATE THE INDIRECT COST

- School districts are permitted to use the negotiated Indirect Cost for this school year
- To obtain district rates visit the Department's web site at:

The rates are published through the 2001-2002 school year.

- The following example illustrates the correct method to use to determine the Indirect Cost.

Sample District Budget

Series 1000	\$ 1,500
Series 2000	\$ 2,500
Series 3000	\$ 500
Series 4000	\$ 1,100
Series 5000	\$ 5,000
Series 6000	\$ 5,000
Series 7000	\$10,000

Subtotal: \$25,600

Indirect Rate

@ 5.23%

\$20,600 x .0523 \$1,077

GRAND TOTAL \$26,677

The Indirect Cost should always be calculated by multiplying the **Subtotal**, minus Capital Outlay (Series 6000), by the approved Indirect Rate. The yield is added to the Subtotal for a Grand Total.

Do not multiply the Indirect Rate before creating the budget. This method is incorrect. We hope this illustration will help you to correctly prepare future AP Challenge Grant financial documents.

To obtain the first year final expenditure report and second year budget forms visit our web site at www.cde.ca.gov/pr/ap. Questions about this document should be directed to Ray Gordon, Jr. at (916) 323-5146 or via e-mail at ragordon@cde.ca.gov.